

**D28A03**  
**Maryland Stadium Authority**

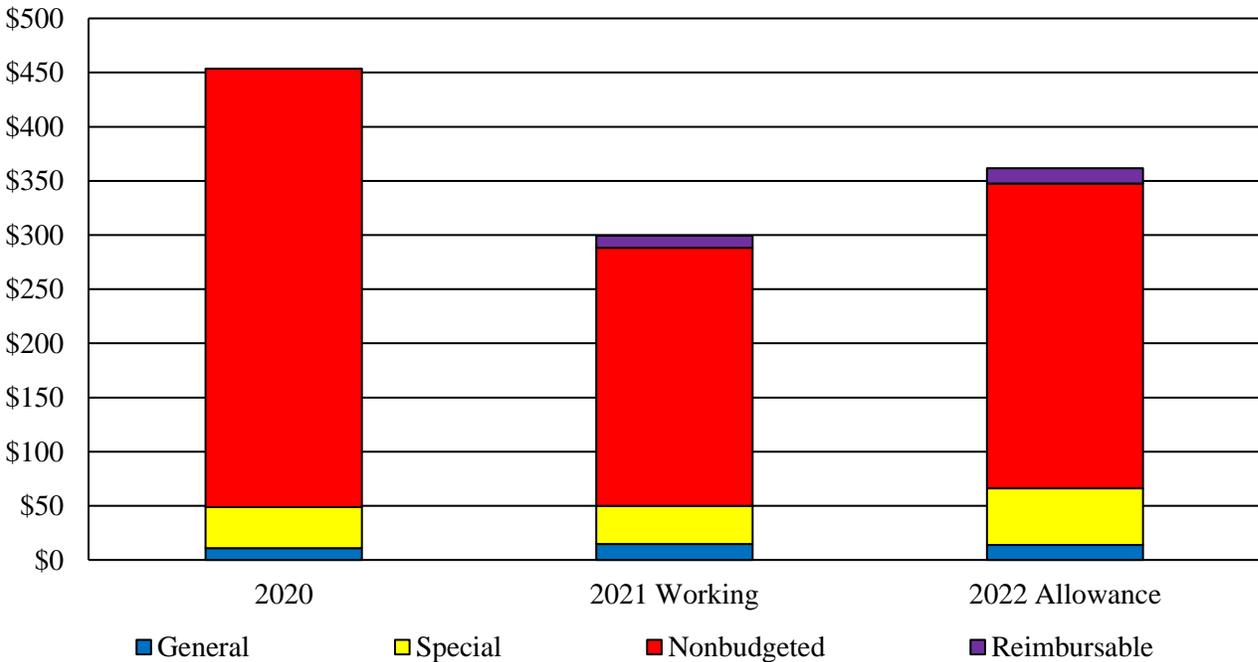
**Program Description**

The Maryland Stadium Authority (MSA) was established for the construction, operation, and maintenance of facilities for the Orioles professional baseball and the Ravens professional football teams. MSA’s authority has been extended to include the construction and financing for the expansion of the Baltimore City Convention Center (BCCC), the Ocean City Convention Center (OCCC) expansion, participation with Montgomery County in the construction of a conference center, participation in the construction of the Hippodrome Performing Arts Center (Hippodrome) in Baltimore, and the financing and construction management of a program of school construction and renovation in Baltimore City. The stadium authority also now manages construction in and around Pimlico and Laurel Park racetracks. MSA may manage any type of construction project for local governments and State agencies. The statute also authorizes MSA to conduct feasibility studies. The Department of Legislative Services reviews feasibility studies in the Miscellaneous Capital Grant Programs Analysis.

***Operating Budget Summary***

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**Fiscal 2022 Budget Increases \$62.3 Million, or 20.8%, to \$361.8 Million  
(\$ in Millions)**



Note: Includes a proposed \$4.1 million general fund deficiency appropriation in fiscal 2021.

For further information contact: Patrick S. Frank

Phone: (410) 946-5530

- Racing and community development in and around the Pimlico and Laurel Park racetracks is expected to begin in fiscal 2022, adding \$27.5 million.
- Construction spending on Baltimore City public schools is expected to increase by \$21.3 million.

## **Fiscal 2021**

### **Proposed Deficiency**

MSA ended fiscal 2020 with a negative cash balance of \$3.8 million. This was attributable to lost admissions tax revenues and Orioles rent payments due to COVID-19-related cancellations of Orioles baseball games at Camden Yards. The stadium authority had a net cash balance of \$32.8million, but this included \$36.6 million in unspent bond proceeds. The agency took several actions in fiscal 2020 and 2021 to control costs while keeping employees on the payroll. As of this fall, MSA was expecting an \$11 million negative cash balance at the end of fiscal 2021. The Department of Budget and Management is proposing a \$4 million general fund deficiency to support operating costs. The stadium authority expects normal operations to resume in fiscal 2022.

The budget bill also proposes appropriating \$100,000 for the Office of Sports Marketing to secure Maryland’s place as a host for the 2026 FIFA World Cup.

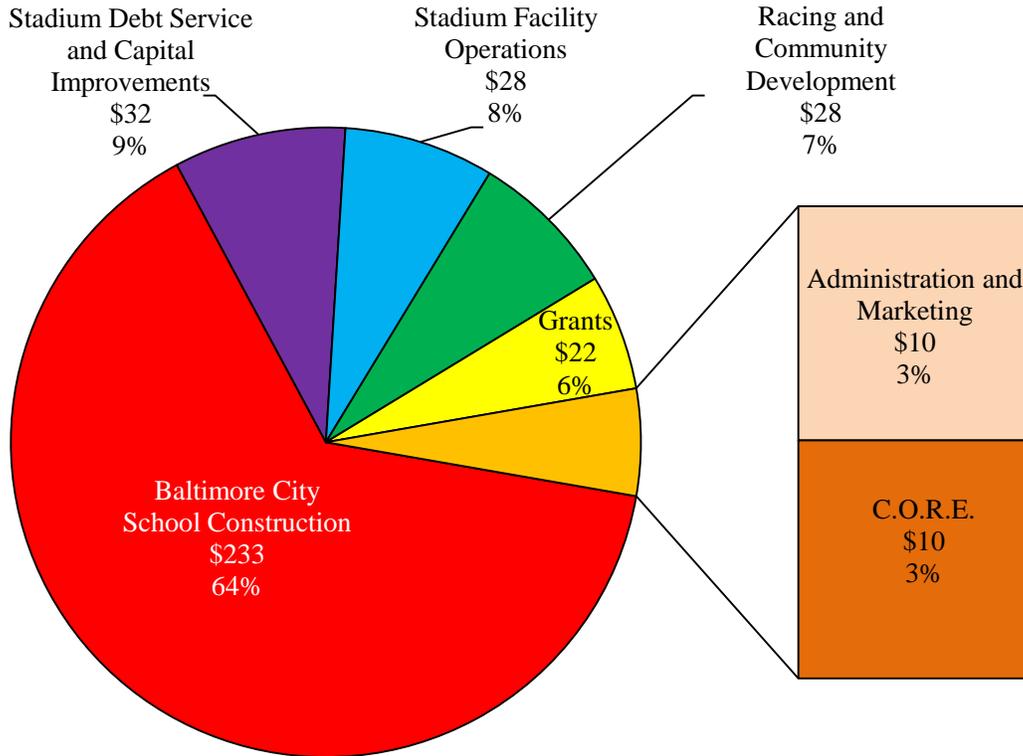
### **Cost Containment**

On July 1, 2020, the Board of Public Works (BPW) approved general fund reductions to the fiscal 2021 budget. MSA’s general funds were reduced by \$250,000. The action eliminated the State’s fiscal 2021 contributions to BCCC, totaling \$200,000, and OCCC, totaling \$50,000. The fiscal 2022 budget restores these amounts but does not replace fiscal 2021 cost containment reductions.

## **Fiscal 2022 Overview of Agency Spending**

**Exhibit 1** shows that 64% of the MSA budget supports Baltimore City school construction. Another 17% supports the Camden Yards Complex that houses the Orioles and Ravens stadiums. Racing and community development in and around Pimlico and Laurel Park racetracks are 7% of spending as discussed in the Key Observations section of this analysis. Grants to the convention centers and the Hippodrome are 6% of spending.

**Exhibit 1**  
**Overview of Maryland Stadium Authority Spending**  
**Fiscal 2022 Allowance**  
**(\$ in Millions)**

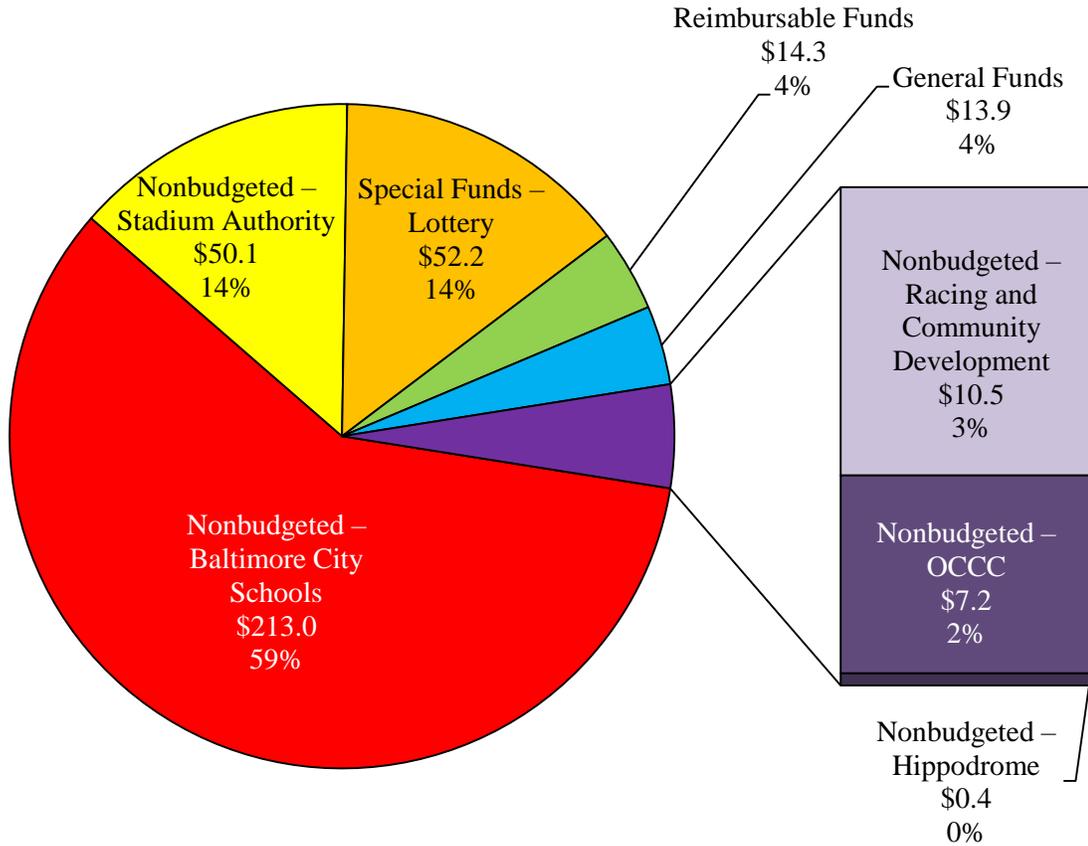


C.O.R.E.: Creating Opportunities for Renewal and Enterprise

Source: Department of Budget and Management

The largest revenue source in fiscal 2022 is nonbudgeted funds for Baltimore City school construction, which comprise 59% of the total budget. The primary source of these funds is bond proceeds. **Exhibit 2** shows that 14% of the MSA budget is supported by the nonbudgeted revenues that it generates. The authority also receives lottery revenues to support debt service for bonds supporting stadium and Baltimore City school construction. The largest source of reimbursable funds is from the Baltimore City Department of Housing and Community Development (DHCD) for the Creating Opportunities for Renewal and Enterprise (C.O.R.E.) project. Chapter 590 of 2020 authorized improvements in and around the Pimlico and Laurel Park racetracks, which are anticipated to be 3% of fiscal 2022 spending. General funds support the convention centers and the Hippodrome. MSA also receives \$440,000 in nonbudgeted funds from the Hippodrome. The theater does not generate the revenues anticipated, so MSA receives a \$2 per ticket fee to offset debt service costs.

**Exhibit 2**  
**Stadium Authority Revenues**  
**Fiscal 2022 Allowance**  
**(\$ in Millions)**



OCCC: Ocean City Convention Center

Source: Department of Budget and Management

**Proposed Budget Change**

**Exhibit 3** shows that the fiscal 2022 allowance is \$361.8 million, an increase of \$62.3 million from the adjusted fiscal 2021 working appropriation.

**Exhibit 3**  
**Maryland Stadium Authority Budget Summary by Fund**  
**Fiscal 2019-2022**  
**(\$ in Thousands)**

	<u>Actual</u> <u>2019</u>	<u>Actual</u> <u>2020</u>	<u>Working</u> <u>Approp.</u> <u>2021</u>	<u>Allowance</u> <u>2022</u>	<u>Change</u> <u>2021-2022</u>
<b>General Funds</b>					
Baltimore City Convention Center – State Operating Deficit Contribution	\$5,341	\$6,345	\$6,027	\$8,117	\$2,089
Ocean City Convention Center – State Operating Deficit Contribution	1,527	1,520	1,597	2,849	1,252
Montgomery County Conference Center – State Portion of Construction Costs	1,555	1,557	1,556	1,556	0
Hippodrome Performing Arts Center – State Portion of Construction Costs	1,393	1,391	1,383	1,383	0
Deficiency for General Administration	0	0	4,000	0	-4,000
Deficiency for the Office of Sports Marketing	0	0	100	0	-100
<b>Subtotal</b>	<b>\$9,816</b>	<b>\$10,813</b>	<b>\$14,663</b>	<b>\$13,904</b>	<b>-\$759</b>
<b>Special Funds: State Lottery</b>					
Lottery Transfer to MSA Facilities Fund for Debt Service on Camden Yards Projects	\$20,000	\$20,000	\$15,208	\$15,233	\$25
Lottery Transfer to the Baltimore City Public School Construction Financing Fund	20,000	17,928	20,000	20,000	0
Racing and Community Development Financing Fund		0	0	17,000	17,000
<b>Subtotal</b>	<b>\$40,000</b>	<b>\$37,928</b>	<b>\$35,208</b>	<b>\$52,233</b>	<b>\$17,025</b>
<b>Nonbudgeted Funds: Maryland Stadium Authority and Racing Funds</b>					
General Administration	\$4,227	\$41,387	\$5,978	\$4,961	-\$1,017
Camden Yards’ – Debt Service and Other Costs Not Funded by Lottery Revenues	11,777	9,095	11,508	16,534	5,026
Camden Yards Complex Facilities Management	28,758	46,433	27,945	27,886	-59

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	<u>Actual</u> <u>2019</u>	<u>Actual</u> <u>2020</u>	<u>Working</u> <u>Approp.</u> <u>2021</u>	<u>Allowance</u> <u>2022</u>	<u>Change</u> <u>2021-2022</u>
Facilities Management for Oriole Park					
Improvements Per Orioles Lease	200	335	200	200	0
Ocean City Convention Center	0	4,231	0	7,209	7,209
Hippodrome Performing Arts Center					
Ticket Surcharge	689	440	440	440	0
Office of Sports Marketing	1,436	655	649	552	-97
Project C.O.R.E.	24,494	16,392	0	0	0
Racing and Community Development					
Facilities Fund		0	0	10,500	10,500
<b>Subtotal</b>	<b>\$71,582</b>	<b>\$118,969</b>	<b>\$46,721</b>	<b>\$68,282</b>	<b>\$21,562</b>
<b>Nonbudgeted Funds: Baltimore City School Construction Financing and Facilities Fund</b>					
Financing Fund	\$28,086	\$27,989	\$40,000	\$40,000	\$0
Facilities Fund	302,405	257,837	151,734	173,026	21,292
<b>Subtotal</b>	<b>\$330,491</b>	<b>\$285,825</b>	<b>\$191,734</b>	<b>\$213,026</b>	<b>\$21,292</b>
<b>Reimbursable Funds</b>					
General Administration	\$0	\$0	\$3,904	\$4,332	\$428
Baltimore City School Construction					
Facilities	0	0	2	0	-2
Project C.O.R.E.	0	0	7,230	10,000	2,770
Youth and Amateur Sports Program	0	0	0	0	0
<b>Subtotal Reimbursable Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,135</b>	<b>\$14,332</b>	<b>\$3,197</b>
<b>Total</b>	<b>\$451,889</b>	<b>\$453,535</b>	<b>\$299,461</b>	<b>\$361,778</b>	<b>\$62,317</b>

C.O.R.E.: Creating Opportunities for Renewal and Enterprise  
MSA: Maryland Stadium Authority

Source: Governor’s Fiscal 2021 and 2022 Budget Books

## **General Fund Appropriations Provide Increased Funding for Baltimore and Ocean City Convention Centers**

General funds comprise a small portion of MSA’s budget and are used to supplement debt service and operational costs for various economic development projects undertaken by the State.

- **BCCC:** Section 10-640 of the Economic Development Article requires MSA to contribute two-thirds of the annual operating deficit of BCCC through December 31, 2029. MSA is also required to contribute \$200,000 into the capital improvement fund. The fiscal 2022 allowance includes \$7.9 million for the operating deficit and \$200,000 for the capital improvement fund. This

amount had been fairly constant in recent years but is larger in fiscal 2022 than in previous years because of the impact of COVID-19.

- **OCCC:** MSA is also required under Section 10-643 of the Economic Development Article to contribute one-half of the annual operating deficit of OCCC and \$50,000 into a capital improvement reserve fund.<sup>1</sup> The fiscal 2022 allowance provides \$2.8 million for these purposes. Chapters 217 and 218 of 2019 authorized up to \$24.5 million in bonds supported by State revenues. The bonds were issued in November 2019. The first four debt service payments will be made by the capitalized interest fund. The first payment by the State will be in June 2022, which is the reason these appropriations increase in fiscal 2022.
- **Hippodrome:** The allowance includes \$1.38 million in general funds and \$440,000 in nonbudgeted funds to fund the fiscal 2022 debt service for MSA revenue bonds that were issued to fund a portion of the Hippodrome construction. To offset MSA’s obligation for the debt service, statute requires the operator of the facility to pay MSA an amount equal to \$2 per ticket sold for admission to the theater. As part of an agreement to stabilize the Hippodrome finances, the theater operator guarantees minimum annual surcharge revenue of \$440,000. This generated almost \$690,000 in fiscal 2019 but was \$440,000 in fiscal 2020. The final Hippodrome debt service payment is in fiscal 2022.
- **Montgomery County Conference Center:** The fiscal 2022 allowance provides \$1.6 million in general funds for the debt service costs for the authority’s revenue bonds. The last debt service payment is in fiscal 2024.

### **Special Funds: New Program for Horse Racing Facilities**

Lottery proceeds support debt service payments on the Camden Yards Complex. The fiscal 2022 allowance includes \$15.2 million in special funds for this purpose.

Also included in the fiscal 2022 allowance is an additional \$20 million in lottery proceeds to support MSA activities related to the Baltimore City school construction program. This is discussed further under the Key Observations section of this analysis.

There is a new program funded by special funds in fiscal 2022. Legislation requires that \$17 million in lottery revenues are deposited into the Racing and Community Development Financing Fund beginning in fiscal 2022. These funds support debt service payments related to the revitalization of the Pimlico and Laurel Park racetracks and are required until the 30-year bonds are retired. This is discussed further under the Key Observations section of this analysis.

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<sup>1</sup> The appropriation to the capital improvement reserve account increases to \$100,000 in fiscal 2023.

## **Nonbudgeted Funds: MSA and Racing and Community Development**

The MSA Financing Fund is a nonbudgeted account from which all the MSA operational expenses are paid, including the general administration of the Camden Yards Complex, repairs, renovations, and debt service payments. The fund is primarily supported through lottery and bond proceeds but also includes additional revenues associated with rent from the Orioles, operations and maintenance reimbursement from the Ravens, lease agreements at the warehouse and Camden Station, stadium admissions taxes, and MSA project management fees.

MSA is required to pay rent to the State equal to the difference between its actual revenues and MSA can reserve funds for working capital and projects. The rent formula is built into the sublease agreements for Camden Yards. The convention centers have always operated at a deficit, so no rent is due on those subleases. Therefore, activity at the Camden Yards Complex generates the rent payment, if any. Based on estimated revenues and expenditures, no rent payment is expected from fiscal 2019 to 2022. The most recent rent payment was \$1 million in fiscal 2015.

There are also new appropriations to the Racing and Community Development Facilities Fund, which receives \$10.5 million in reimbursable funds in fiscal 2022. This is discussed further under the Key Observations section of this analysis.

## **Nonbudgeted Funds: Baltimore City School Construction Financing and Facilities Fund**

Nonbudgeted funds also support the Baltimore City School Revitalization Program. The fiscal 2022 budget increases spending by \$21 million, based on cash flow needs. The budget proposes \$40 million for the Baltimore City School Construction Financing Fund and \$173 million for the Baltimore City School Construction Facilities Fund as more school construction is completed. The Key Observations section includes a discussion about how construction is progressing.

## **Nonbudgeted and Reimbursable Funds: Project C.O.R.E.**

Project C.O.R.E. is a city/State partnership designed to demolish vacant buildings in Baltimore City and replace them with green space. MSA is partnering with DHCD and Baltimore City over a four-year period. MSA advises that no MSA funds will be used for this project.

MSA serves as the project manager and oversees the demolition of vacant buildings that are identified by Baltimore City and DHCD. The goal is to identify projects that build upon existing community strengths and assets. Some of these include proximity to 21st Century School investments, anchor institutions such as hospitals and universities, other major investments such as rental preservation projects, and transit and transit-oriented development as well as projects that build upon residential market strength. MSA has dedicated staff resources to the program since fiscal 2016.

Actual costs are nonbudgeted funds, and estimated costs are reimbursable funds. Due to the complicated nature of this program (coordination between a State agency, DHCD, nonbudgeted agency, MSA, and Baltimore City), expenditures vary substantially from year to year.

**Reimbursable Funds**

Administration receives \$4.3 million for positions supporting school construction.

## ***Key Observations***

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### **1. Baltimore City School Construction and Revitalization Program**

The Baltimore City Public Schools (BCPS) system has the oldest school buildings in the State. In response to the critical need for public school facility improvements in Baltimore City, Chapter 647 of 2013 established a new partnership between the State, Baltimore City, and BCPS to fund up to \$1.1 billion in public school facility improvements through revenue bonds to be issued by MSA.

The partners executed a memorandum of understanding (MOU) that established the specific roles and responsibilities of each party to implement the construction plan. In general, MSA is responsible for the oversight of new and renovation projects; providing the financing; and managing the construction, contracts, and budgets related to the program.

The role of the city schools, as outlined in the MOU, is to manage some of the renovation projects, control the feasibility studies, and update the Comprehensive Maintenance Plan annually. The Interagency Commission on School Construction is responsible for the approval of maintenance plans, school utilization rates and, more broadly, all 10-year projects.

The program has taken somewhat longer to develop than anticipated due to the programwide review conducted in 2014. **Exhibit 4** shows each school that is currently included in the program, the type of project that will be undertaken to the extent known, and each project's current phase.

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#### **Exhibit 4 Baltimore City School Revitalization Plan School Replacement and Renovation Schedule**

<b><u>School</u></b>	<b><u>Project Type</u></b>	<b><u>Program Phase</u></b>
Commodore John Rodgers Elementary/Middle School	Addition	Predesign to open in December 2023
Highlandtown #237 Elementary/Middle School	Addition	Design development to open in August 2022
Cross Country Elementary/Middle	Renovation	Scope change to replacement building to open in August 2023
Montebello Elementary/Middle School	Renovation and Addition	Construction documents complete to open in August 2022
Northwood Elementary School	Replacement	Construction underway to open in December 2021
Govans Elementary School	Replacement	Construction underway to open in August 2021

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<u>School</u>	<u>Project Type</u>	<u>Program Phase</u>
Harford Heights and Sharp Leadenhall Elementary School	Renovation	Construction underway to open in August 2021
James Mosher Elementary School	Renovation and Addition	Construction underway to open in August 2021
Calverton Elementary/Middle School	Replacement	Construction underway to open in August 2021
Robert W. Coleman Elementary School	Renovation and Addition	Construction underway to open in August 2021
Patterson High School	Replacement	New building construction complete June 2021. Demolition and site complete June 2022
Medfield Heights Elementary School	Replacement	Construction complete December 2020. Opening January 2021
Walter P. Carter and Lois T. Murray Elementary/Middle School	Replacement	Construction complete December 2020. Opening January 2021
Mary E. Rodman Elementary School	Renovation and Addition	Open
Frederick Elementary/Middle School	Renovation and Addition	Open
Ft. Worthington Elementary/Middle	Replacement	Open
Wildwood Elementary/Middle School (formerly Lyndhurst)	Renovation and Addition	Open
John Eager Howard/Dorothy I Height Elementary School	Renovation and Addition	Open
Robert Poole Building	Renovation and Addition	Open
Cherry Hill Elementary/Middle School	Renovation and Addition	Open
Arundel Elementary School	Replacement	Open
Forest Park High School	Renovation and Addition	Open
Pimlico Elementary/Middle School	Renovation and Addition	Open

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<u>School</u>	<u>Project Type</u>	<u>Program Phase</u>
Arlington Elementary School	Renovation and Addition	Open
John Ruhrah Elementary/Middle School	Renovation and Addition	Open
Calvin M. Rodwell Elementary/Middle	Replacement	Open
Bay-Brook Elementary School	Replacement	Open
Fairmont-Harford High School	Renovation and Addition	Open

Source: Maryland Stadium Authority, December 2020

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## **Financing Plan**

Chapter 647 established the means by which the revitalization program would be financed by enabling MSA to issue up to \$1.1 billion in debt with a debt service cap of \$60 million annually. There are two nonbudgeted funds administered by MSA to finance the improvements to BCPS facilities. These funds are supported by annual contributions from Baltimore City, the Baltimore City Board of School Commissioners, and the State (through lottery proceeds). The funds pay for the debt service; design and construction costs; startup costs; administration; overhead; and operations related to management, including all reasonable charges and expenses related to MSA oversight and project management responsibilities.

In April 2016, MSA issued the first round of debt dedicated to the first phase (Year 1 schools) of the school construction program. The 30-year, tax-exempt revenue bonds totaled \$320.0 million and garnered a premium of \$66.1 million to be used for construction costs for 11 schools. The annual debt service is approximately \$20.8 million.

The second bond issuance supporting Year 2 schools was issued in February 2018. A total of \$426.4 million was issued. The sale generated a \$70 million premium that supports construction. The annual debt service costs total \$48.1 million. MSA issued \$525 million in bonds in three series in July 2020. Series A was \$194 million in tax-exempt bonds. Series B was \$34 million in tax-exempt green revenue bonds. Series C was \$296 million in taxable refunding bonds. Total annual debt service costs are limited to \$60 million, and debt service costs from prior sales totaled \$48 million. Refunding Series C did not generate any proceeds for the project fund. Rather, the series reduced debt service costs of prior bond sales, which increased how much could be issued in Series A. The par value and premiums for Series A and B are deposited into the project fund. In addition to the par value, the premium for Series A was \$98 million, and the premium for Series B was \$16 million, bringing the total proceeds deposited into the project fund from this sale to \$342 million.

**Exhibit 5** shows the actual and expected MSA revenues and expenditures related to the school construction program for fiscal 2020 through 2025.

**Exhibit 5**  
**Baltimore City School Revitalization Program Cash Flows**  
**Fiscal 2020-2025 Est.**  
**(\$ in Millions)**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b><u>Act.</u></b>	<b><u>Est.</u></b>	<b><u>Est.</u></b>	<b><u>Est.</u></b>	<b><u>Est.</u></b>	<b><u>Est.</u></b>
<b>Beginning Cash Balance</b>	<b>\$449.6</b>	<b>\$264.0</b>	<b>\$458.2</b>	<b>\$294.0</b>	<b>\$148.3</b>	<b>\$87.4</b>
<b>Sources</b>						
State Lottery	\$20.0	\$20.0	\$20.0	\$20.0	\$20.0	\$20.0
Baltimore City (Bottle Tax, Table Games and Rental Fee)	15.8	15.0	15.0	15.0	15.0	15.0
Baltimore City (Retirees Health Insurance Subsidy)	10.0	10.0	10.0	10.0	10.0	10.0
Baltimore City Board of School Commissioners	20.0	20.0	20.0	20.0	20.0	20.0
Investment Income	6.8	1.0	1.0	0.6	0.4	0.4
Energy Rebates	0.4	0.0	0.0	0.0	0.0	0.0
2020 Program Bonds	0.0	341.9	0.0	0.0	0.0	0.0
<b>Total Sources</b>	<b>\$73.0</b>	<b>\$407.9</b>	<b>\$66.0</b>	<b>\$65.6</b>	<b>\$65.4</b>	<b>\$65.4</b>
<b>Uses</b>						
Administrative and Overhead Expenses	\$27.9	\$25.3	\$19.1	\$13.4	\$10.7	\$9.7
Construction Costs	182.7	127.9	150.6	137.9	55.6	22.2
Feasibility Studies	0.0	0.5	0.5	0.0	0.0	0.0
Debt Service (Series 2016)	20.7	11.6	11.6	11.6	11.6	11.6
Debt Service (Series 2018 A)	27.3	25.0	25.0	25.0	25.0	25.0
Debt Service (Series 2020 A)	0.0	7.5	9.7	9.7	9.7	9.7
Debt Service (Series 2020 B)	0.0	1.4	1.7	1.7	1.7	1.7
Debt Service (Series 2020 C)	0.0	14.4	11.9	11.9	11.9	11.9
<b>Total Uses</b>	<b>\$258.6</b>	<b>\$213.7</b>	<b>\$230.2</b>	<b>\$211.3</b>	<b>\$126.3</b>	<b>\$91.9</b>
<b>Ending Cash Balance</b>	<b>\$264.0</b>	<b>\$458.2</b>	<b>\$294.0</b>	<b>\$148.3</b>	<b>\$87.4</b>	<b>\$60.8</b>

Source: Maryland Stadium Authority

## **2. Racing and Community Development Act of 2020**

The Racing and Community Development Act (Chapter 590 of 2020) authorizes MSA to issue up to \$375 million in bonds for financing planning, design, construction, and related expenses for racing facilities at Pimlico and Laurel Park, currently owned by the Maryland Jockey Club, which is a subsidiary of the Stronach Group. The bonds support improvements to both facilities, including the clubhouse, racetracks, stables and barns, and associated roads and walkways.

The bill requires that a minimum of \$180 million support Pimlico and \$155 million support Laurel Park. BPW approval is required prior to any bond issuance, and MSA must provide the fiscal committees of the General Assembly financing plans 45 days prior to BPW approval. MSA anticipates issuing \$331 million by fiscal 2022 and plans to issue the first series of bonds for Laurel Park in early calendar 2022. It is unclear when bonds for Pimlico will be issued.

The Racing and Community Development Financing Fund is a revolving fund for implementing provisions of law concerning racing and community development projects and for the payment of debt service expenses incurred by MSA, or otherwise approved by MSA, concerning the projects. The financing fund will issue 30-year bonds. Beginning in fiscal 2022, the bill requires the transfer of \$17 million from the State Lottery Fund<sup>2</sup> to the Financing Fund for each fiscal year until the bonds issued for a racing facility have matured. **Exhibit 6** summarizes the issuances, revenues from the lottery, and revenues deposited into the lottery. To take into account the present value of the cash flows, out-year revenues are discounted at a 3% annual rate. As shown in the exhibit, lottery revenues supporting debt service costs exceed projected revenues that will be deposited into the lottery fund.

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<sup>2</sup> The legislation includes provisions that limit the revenues lost by the State. To offset this transfer from the State Lottery Fund to the financing fund, the legislation requires that \$5 million from the Purse Dedication Account from video lottery terminal (VLT) revenues is transferred to the lottery fund, \$3.5 million of the Baltimore City Pimlico Community Development Authority allocation is transferred to the lottery fund through fiscal 2032 (after which Baltimore City must transfer \$3.5 million in local impact grant funds from VLT proceeds to the lottery fund), and the thoroughbred allocation from the Racetrack Facility Renewal Account (RFRA) (which is 80% of the total) is transferred to the lottery fund through fiscal 2032. There is no replacement revenue source for RFRA after fiscal 2032 in the legislation. The RFRA thoroughbred share was projected to be \$9 million in fiscal 2022. This amount fluctuates between \$4 million and \$10 million with a final allocation in fiscal 2032. RFRA receives funds from facilities for the first 16 years of operation.

**Exhibit 6**  
**Pimlico and Laurel Park Improvements**  
**Summary of Anticipated Issuances, Revenues, and Discounted Revenues**  
**Fiscal 2022-2052**  
**(\$ in Millions)**

<b>Issuances</b>	<b><u>Total</u></b> <b><u>Issuances</u></b>		
Pimlico Race Course in Baltimore City	\$180.0		
Laurel Park in Anne Arundel County	155.0		
Undesignated	40.0		
<b>Total</b>	<b>\$375.0</b>		
	<b><u>Annual</u></b> <b><u>Revenues</u></b>	<b><u>Total</u></b> <b><u>Revenues</u></b>	<b><u>Present</u></b> <b><u>Value of</u></b> <b><u>Revenues</u></b> <sup>1</sup>
<b>Revenues to Financing Fund</b>			
Lottery Revenues for Debt Service (Fiscal 2022 to 2052)	\$17.0	\$527.0	\$336.0
<b>Revenues to Lottery</b>			
From Purse Dedication Account (Fiscal 2022 to 2052)	\$5.0	\$155.0	\$98.8
From Baltimore City PCDA Gaming Grants (Fiscal 2022 to 2032)	3.5	38.5	32.2
From Baltimore City Gaming Grants (Fiscal 2033 to 2052)	3.5	70.0	36.9
Thoroughbred Allocation from RFRA (Fiscal 2022 to 2032)	3.9 to 10.0	84.3	72.3
<b>Total Revenues to Lottery</b>	<b>\$12.0 to \$18.0</b>	<b>\$347.8</b>	<b>\$240.3</b>

PCDA: Pimlico Community Development Authority  
RFRA: Racetrack Facility Renewal Account

<sup>1</sup> Discount rate is 3.09%, which is the interest rate assumed for the bonds.

<sup>2</sup> RFRA receives 1% of video lottery terminal revenues from each casino for the first 16 years of operation. In the forecast period, these revenues peak at \$10 million in fiscal 2025 and 2026. The final year's deposits are expected to be \$3.9 million in fiscal 2032.

Source: Department of Legislative Services

The legislation also established the Racing and Community Development Facilities Fund, which is a revolving fund that supports the racing facility projects. Specifically, the facilities fund supports:

- debt service on bonds issued by MSA;
- design and construction costs related to racing facilities projects;

- transition costs and reimbursements, start-up costs, administration, overhead, and operations related to the management of projects as allowed by federal tax law; and
- reasonable charges and expenses related to MSA’s administration of these funds

### **3. The Built to Learn Act of 2020 Would Increase Stadium Authority’s Role in Public School Construction**

Chapter 20 of 2020, the Built to Learn Act, proposes to give MSA the authority to issue up to \$2.2 billion in 30-year revenue-supported bonds. Revenues supporting debt service payments would come from casino revenues in the Education Trust Fund (ETF). Debt service costs can total up to \$125 million annually and can be reduced to \$100 million if Prince George’s County utilizes a public-private partnership (P3) to construct schools. The county is exploring P3s and could receive \$25.0 million annually for up to 30 years to supplement local funds for an availability payment if it enters into a P3. Issuing bonds would require BPW approval prior to issuance. The State Treasurer’s Office advises that it does not consider ETF supported debt to be State debt.

Chapter 20 is contingent on the enactment of HB 1300, the Blueprint for Maryland’s Future, which alters State aid formulas for public schools, increases funding, and establishes accountability policies. HB 1300 passed the General Assembly, but was vetoed by the Governor. It is expected that the General Assembly will consider an override of the Governor’s veto during the 2021 session. The Administration’s *Capital Improvement Program* anticipates that MSA will issue \$520 million in bonds in fiscal 2022 and a total of \$2.2 billion through fiscal 2026.

### **4. Stadium Authority Finances**

Revenues and expenses from MSA operations flow through the Camden Yards Financing Fund.<sup>3</sup> **Exhibit 7** shows fund activity from fiscal 2019 to 2022. Disbursements exceed sources in fiscal 2019 and 2020. The fund balance declined from \$9.7 million at the beginning of fiscal 2019 to a deficit of \$3.8 million at the end of fiscal 2020. MSA advises that it will be able to manage cash flows. Key fluctuations include:

- ***Admissions Tax Revenues and Baseball Rent Payments Have Declined:*** Baseball and football admissions tax revenues totaled \$12.7 million in fiscal 2017. Actual fiscal 2020 revenues were \$9.3 million and MSA expects \$3.8 million in fiscal 2021. Much of this decline is attributable to attendance at Orioles baseball and Ravens football games. Due to the COVID–19 pandemic, no fans attended Major League baseball games at Camden Yards during 2020 regular season, reducing fiscal 2020 and 2021 revenues. The lack of in-person baseball games also sharply reduced baseball rent payments to MSA. With respect to Ravens’ football games, MSA advises that admissions tax

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<sup>3</sup> The Camden Yards Facilities Fund supports all activities and includes bond proceeds and associated capital expenditures.

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revenues for games were collected in the spring of 2020 for the fall 2020 season which is played in fiscal 2021. While this will not result in any large loss of revenues in fiscal 2020, it will result in lower revenues in fiscal 2021, as season ticket holders that paid the tax but did not attend the games receive credits for their 2021 season tickets. **MSA should be prepared to brief the committees on how the COVID-19 pandemic has affected its revenues.**

- ***Retiring and New Debt Issuances:*** 2011 A and B Camden Yards bonds are retired in fiscal 2020. MSA also issued 2019 A and B Camden Yards bonds that have debt service payments beginning in fiscal 2020. MSA receives up to \$20 million annually in lottery revenues for bonds and is required to use revenues generated from stadium activities to support debt service above \$20 million. In fiscal 2019 and 2020, debt service costs exceed lottery revenues by \$3.8 million and \$7.5 million, respectively. Debt service costs decline to \$15.2 million in fiscal 2021 and \$14.6 million in fiscal 2022, thus requiring no revenues from stadium activities.
- ***Reducing Camden Yards Operations Costs in Fiscal 2020 and 2021:*** To keep costs down, MSA used in-house labor for the majority of the preventive maintenance work at the complex, where prior to the pandemic, MSA would use more outside contractors. Adjusting temperatures and lighting throughout the complex based on occupancy levels saved on utilities. MSA restricted overtime, so capital projects were not undertaken unless necessary. Having no fans in attendance at games also modestly reduced fiscal 2020 operating expenses.
- ***A One-time General Fund Deficiency Appropriation in Fiscal 2021.***

**Exhibit 7**  
**Camden Yards Financing Fund Sources and Uses**  
**Fiscal 2020-2022**  
**(\$ in Thousands)**

	<u>2020 Act.</u>	<u>2021 Est.</u>	<u>2022 Est.</u>
<b>Beginning Cash Funds:</b>	<b>\$6,437</b>	<b>-\$3,768</b>	<b>-\$6,972</b>
<b>Sources</b>			
General Funds	\$0	\$4,000	\$0
Lottery Bond Proceeds	\$438	\$0	\$0
<b>Stadium Authority Revenues</b>			
Football Operations and Maintenance Payment	\$11,329	\$12,142	\$12,142
Football Admission Taxes	6,694	0	5,200
Baseball Admission Taxes	2,591	3,750	3,750
Baseball Rent	2,845	2,500	6,600
Camden Station and Warehouse Lease Revenue	3,971	4,089	4,212
Parking Revenues	1,941	2,100	2,100
Other Revenues	2,784	2,399	2,130
<b>Subtotal Stadium Authority Revenues</b>	<b>\$32,155</b>	<b>\$26,980</b>	<b>\$36,134</b>
<b>Total Sources</b>	<b>\$32,593</b>	<b>\$30,980</b>	<b>\$36,134</b>
<b>Disbursements</b>			
<b>Operating Expenditures</b>			
Authority Expenses	\$5,201	\$5,978	\$5,008
Camden Yards Operating Expenditures	29,657	27,806	28,064
<b>Subtotal Operating Expenditures</b>	<b>\$34,858</b>	<b>\$33,784</b>	<b>\$33,072</b>
<b>Capital Expenditures</b>			
Oriole Park Capital Projects	\$13,176	\$10,000	\$15,000
Less: Bond Proceeds	-13,176	-10,000	-15,000
Capital Improvement Fund Deposits	400	400	400
<b>Subtotal Capital Expenditures</b>	<b>\$400</b>	<b>\$400</b>	<b>\$400</b>
<b>Debt Service and Financing Costs</b>			
Series 2011A and B Bonds (Camden Yards)	\$13,521	\$0	\$0
Series 2019A and B Bonds (Camden Yards)	3,645	4,832	4,852
Other Debt Service	10,374	10,375	10,381
Less: Lottery Revenue	-20,000	-15,207	-15,233
<b>Subtotal Debt Service</b>	<b>\$7,540</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Disbursements</b>	<b>\$42,798</b>	<b>\$34,184</b>	<b>\$33,472</b>
<b>Net Annual Cash Flow</b>	<b>-\$10,205</b>	<b>-\$3,204</b>	<b>\$2,662</b>
<b>Ending Cash Funds</b>	<b>-\$3,768</b>	<b>-\$6,972</b>	<b>-\$4,310</b>

Source: Maryland Stadium Authority

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1  
Object/Fund Difference Report  
Maryland Stadium Authority**

<u>Object/Fund</u>	<u>FY 20 Actual</u>	<u>FY 21 Working Appropriation</u>	<u>FY 22 Allowance</u>	<u>FY 21 - FY 22 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	123.80	123.80	123.80	0.00	0%
02 Contractual	16.00	16.35	15.40	-0.95	-5.8%
<b>Total Positions</b>	<b>139.80</b>	<b>140.15</b>	<b>139.20</b>	<b>-0.95</b>	<b>-0.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 15,083,685	\$ 15,304,451	\$ 15,764,872	\$ 460,421	3.0%
02 Technical and Special Fees	625,247	633,517	612,814	-20,703	-3.3%
03 Communication	105,799	99,830	127,468	27,638	27.7%
04 Travel	112,190	160,780	109,412	-51,368	-31.9%
06 Fuel and Utilities	3,944,496	6,393,472	5,551,208	-842,264	-13.2%
07 Motor Vehicles	22,463	70,441	49,300	-21,141	-30.0%
08 Contractual Services	328,430,970	168,155,388	196,876,704	28,721,316	17.1%
09 Supplies and Materials	610,507	1,330,968	1,069,273	-261,695	-19.7%
11 Equipment – Additional	149,360	106,000	6,000	-100,000	-94.3%
12 Grants, Subsidies, and Contributions	41,208,438	39,137,629	41,207,276	2,069,647	5.3%
13 Fixed Charges	58,141,850	63,968,275	66,153,482	2,185,207	3.4%
14 Land and Structures	5,099,516	0	6,750,000	6,750,000	N/A
<b>Total Objects</b>	<b>\$ 453,534,521</b>	<b>\$ 295,360,751</b>	<b>\$ 334,277,809</b>	<b>\$ 38,917,058</b>	<b>13.2%</b>
<b>Funds</b>					
01 General Fund	\$ 10,812,811	\$ 10,563,009	\$ 13,904,451	\$ 3,341,442	31.6%
03 Special Fund	37,927,625	35,207,978	35,233,033	25,055	0.1%
07 Nonbudgeted Fund	404,794,085	238,454,382	270,808,190	32,353,808	13.6%
09 Reimbursable Fund	0	11,135,382	14,332,135	3,196,753	28.7%
<b>Total Funds</b>	<b>\$ 453,534,521</b>	<b>\$ 295,360,751</b>	<b>\$ 334,277,809</b>	<b>\$ 38,917,058</b>	<b>13.2%</b>

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.